



FISCAL MEMORANDUM

SB 281 - HB 329

March 20, 2023

SUMMARY OF BILL AS AMENDED (005368, 006025): Requires the state salary schedule for teachers formulated by the Commissioner of the Department of Education (DOE) to establish certain base salary amounts for teachers for the 2023-24 through 2026-27 school years. Authorizes a local education agency (LEA) to deduct dues from the payroll of the LEA's employees for the employees' membership in a professional employees' organization. Establishes that an LEA is not required to deduct dues for such purpose unless payroll deduction is required under a binding memorandum of understanding.

FISCAL IMPACT OF BILL AS AMENDED:

Increase Local Expenditures - \$106,100/FY25-26*
\$1,614,100/FY26-27*

Other Fiscal Impact – A restriction in the amount of \$125,000,000 in the TISA base funding formula will be required for FY23-24 and subsequent years. Restricting the use of such funds for teachers' salaries may lead to a shift in expenditures for some LEAs or additional permissive local expenditures for LEAs.

Assumptions for the bill as amended:

- The proposed legislation establishes base salary amounts for teachers as follows:
 - \$42,000 for the 2023-24 school year;
 - \$44,500 for the 2024-25 school year;
 - \$47,000 for the 2025-26 school year; and
 - \$50,000 for the 2026-27 school year.
- Public Chapter 966 of 2022 enacted the Tennessee Investment in Student Achievement (TISA) Act which authorized the General Assembly to restrict base funding for salary increases for teachers.
- A restriction in the amount of \$125,000,000 will be required by the General Assembly for FY23-24 and each subsequent year.
- To determine the cost to implement the proposed legislation, an analysis was conducted using reported educator salary information from the 2021-2022 school year and FY23-24 TISA allocation projections (based on February 2023 data) for all districts.

- Based on the amount of funding required to ensure all teacher salaries meet the proposed salary bases, the FY23-24 TISA investment reflected in the fiscal memorandum for Public Chapter 966 of 2022 is sufficient to cover the cost of implementation in FY23-24 and FY24-25.
- It is estimated that in the initial TISA investment would be sufficient to cover the costs for all districts except for five districts in FY25-26 and eight districts in FY26-27.
- It is estimated that the mandatory increase local expenditures will be \$106,142 in FY25-26 and \$1,614,064 in FY26-27.
- Restricting the use of such funds for teachers' salaries may lead to a shift in expenditures for some LEAs or additional permissive local expenditures for LEAs.

**Article II, Section 24 of the Tennessee Constitution provides that: no law of general application shall impose increased expenditure requirements on cities or counties unless the General Assembly shall provide that the state share in the cost.*

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.



Krista Lee Carsner, Executive Director

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